



global witness

G7 host Japan poised to pass a new law that would undermine the Group's efforts to combat the global illegal timber trade

G7 ministers meeting in Niigata on 23rd April are expected to discuss the Group's efforts to combat the global trade in illegal timber, which is worsening climate change and fuelling international organised crime. Prime Minister Abe's government is eager to show that Japan is keeping up with its G7 peers. But a new bill to address illegal logging now being fast-tracked by Japanese legislators lacks teeth and threatens to undermine the regulatory standards of other member states.

Japan is the world's fourth biggest importer of wood products and a major destination for illegal timber from some of the world's most endangered rainforests. Despite this, it is the only G7 member that has yet to pass legislation banning the trade in illegal timber. The bill expected to be introduced in parliament next week stops well short of this. It would create a voluntary system that allows companies to choose whether or not to check the legality of the wood products they buy.¹ Companies would be under no obligation to stop dealing in illegal timber.

A report published by Global Witness today shows how unlikely this is to work. The report – *Wilful Ignorance: How Japan's voluntary approach is failing to stop the trade in illegal timber* – shows that corporate self-regulation under Japan's current voluntary timber legality system has had little, if any, impact on business practices.

"Much of the world has woken up to the need to tackle illegal logging, which is generating billions of dollars for corrupt officials, unscrupulous companies and organised crime, while dismantling our planet's life support system," said Hana Heineken, Senior Policy Advisor at Global Witness. "Japan is a conspicuous exception. Unless the government requires companies to stop buying illegal timber, Japan will be a lame duck in G7 efforts to tackle illegal logging, and illicit timber will continue to flood its market. Japanese legislators have recognised the need to act– now they must move quickly to ensure the new law is effective by making it binding on all timber traders."

G7 member states first agreed to tackle the booming market for illegal timber at the 2005 Gleneagles summit. Since then all members except Japan have banned the trade in illegal timber in an effort to choke demand. Laws in the US, EU and Canada mean that companies caught importing illicit timber now risk hefty fines or even jail sentences. While Japan was the first G7 country to pass a law restricting the trade in illegal timber, it is only required for public procurement, which accounts for less than 5% of the market. Beyond this, company participation is on a voluntary basis.

In *Wilful Ignorance*, Global Witness assessed the buying habits of seven major timber importers in Japan, which dominate Japan's tropical plywood imports, the largest in the

¹ The proposed law would promote the use of illegal timber by allowing companies dealing in timber products to be officially registered as legal wood suppliers if they can merely show they are properly checking the legality of the timber they buy. The law does not prohibit the trade in illegal timber, as is the case with legislation adopted by other G7 states, nor does it require companies to conduct due diligence, as is the case in the EU and US.

world.² We found that all seven buy timber from the rainforests of the Malaysian state of Sarawak, where a timber industry riddled with corruption and illegality is driving one of the highest deforestation rates in the world. All seven do business with Sarawak logging companies for which Global Witness and others have previously reported evidence of illegal logging.³ None of the Japanese companies that responded to Global Witness' survey⁴ knew the forest area in Sarawak where all of their timber came from, nor had they actually checked their suppliers' logging operations. Despite this, they claimed that all timber they imported from Sarawak was legal.

The UN Office on Drugs and Crime estimates that approximately 50% of all wood products from Sarawak are illegal. Many companies in the EU, US, and Australia, where trading in illegal timber is prohibited, say they specifically avoid timber from Sarawak as it is simply too risky.⁵

Sarawak timber exported to Japan is used to feed the country's huge construction and housing industries, often to make disposable concrete moulds that are used two or three times and then thrown away. Global Witness' 2014 *Two Worlds Collide* exposé found construction sites across Tokyo littered with the remains of Sarawak's rainforests, including on sites operated by contractors hired for the 2020 Olympics in Tokyo.⁶

"Japan's toothless voluntary approach is in stark contrast to the mandatory measures put in other G7 member states. Earlier this year, one of the biggest timber traders in the US was handed a \$13 million fine for importing illegal timber. Japan's proposed law contains no meaningful deterrent for dealing in illegal timber, putting companies that invest in cleaning up their supply chains at a commercial disadvantage to those that do nothing," said Heineken. "Passing the bill in its current form would be a significant blow to the global regulatory regime against illegal logging and casts serious doubts over the country's pledge to host an environmentally sustainable Olympic games."

/ENDS

For interviews and other information please contact:

Hana Heineken, Senior Campaigner (Tokyo) +1-609-553-4844 /

hheineken@globalwitness.org

Alice Harrison, Communications Advisor (London) +44(0) 7841 338792

aharrison@globalwitness.org

² Sumitomo Forestry, Sojitz, Marubeni, Itochu, Sumisho-Mitsuibussan Kenzai, Japan Kenzai and Toyo Materia

³ Global Witness, *In the future, there will be no forests left*, November 2012, www.globalwitness.org/en/archive/hsbc/; Global Witness, *Japan's Timber Imports Fuelling Rainforest Destruction in Sarawak and Violation of Indigenous Land Rights*, June 2014, www.globalwitness.org/en/archive/briefing-japans-timber-imports-fuelling-rainforest-destruction-sarawak-andviolation/, Malaysian Auditor-General, Laporan Ketua Audit Negara, Aktiviti Kementerian/Jabatan/Agensi Dan Pengurusan Syarikat Kerajaan Negeri Sarawak, Tahun 2008, 2009, www.audit.gov.my/docs/BI/4Auditor%20General's%20Report/2States/Sarawak/3.SARAWAK_aktiviti.pdf; Council on Ethics, The Norwegian Government Pension Fund Global, Recommendation of 22 February 2010, www.regjeringen.no/upload/FIN/etikk/Recommendation_Samling.pdf; Council on Ethics, Norwegian Government Pension Fund Global, Recommendation on the exclusion of WTK Berhad Holdings from the investment universe of the Government Pension Fund Global, June 2012, www.regjeringen.no/contentassets/f65ed42d67ee49d29ee8d238ff53d61d/wtk_eng.pdf.

⁴ Sumitomo Forestry, Sojitz, Itochu and Japan Kenzai.

⁵ NEPCON, *Supply Chain Mapping of Malaysian Timber and Wood-based Industries*, January 28 2016, p.43, http://awsassets.wwf.org.my/downloads/final_supply_chain_mapping_report_18jan16.pdf

⁶ Global Witness, *Two Worlds Collide*, December 2014, www.globalwitness.org/olympics/

